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# HOUSE BILL No. 1775

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## DIGEST OF INTRODUCED BILL

**Citations Affected:** IC 6-1.1-12-44.

**Synopsis:** Rental dwelling property tax deduction. Establishes a property tax deduction for residential rental property for taxes payable in 2006 and 2007. Applies the deduction for taxes payable after 2007 based on deduction percentages to be set by the department of local government finance based on certain guidelines.

**Effective:** Upon passage.

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January 19, 2005, read first time and referred to Committee on Ways and Means.

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First Regular Session 114th General Assembly (2005)

PRINTING CODE. Amendments: Whenever an existing statute (or a section of the Indiana Constitution) is being amended, the text of the existing provision will appear in this style type, additions will appear in **this style type**, and deletions will appear in ~~this style type~~.

Additions: Whenever a new statutory provision is being enacted (or a new constitutional provision adopted), the text of the new provision will appear in **this style type**. Also, the word **NEW** will appear in that style type in the introductory clause of each SECTION that adds a new provision to the Indiana Code or the Indiana Constitution.

Conflict reconciliation: Text in a statute in *this style type* or ~~this style type~~ reconciles conflicts between statutes enacted by the 2004 Regular Session of the General Assembly.

## HOUSE BILL No. 1775

A BILL FOR AN ACT to amend the Indiana Code concerning taxation.

*Be it enacted by the General Assembly of the State of Indiana:*

1 SECTION 1. IC 6-1.1-12-44 IS ADDED TO THE INDIANA CODE  
2 AS A **NEW** SECTION TO READ AS FOLLOWS [EFFECTIVE  
3 UPON PASSAGE]: **Sec. 44. (a) As used in this section:**

4 (1) **"2002 proportion" means for property taxes first due and**  
5 **payable in 2002 the proportion that the recalculated gross tax**  
6 **liability per dollar of gross assessed value attributable to**  
7 **principal rental dwellings bears to the recalculated gross tax**  
8 **liability per dollar of gross assessed value attributable to all**  
9 **dwellings;**

10 (2) **"2008 proportion" means for property taxes first due and**  
11 **payable in 2008 the proportion that the recalculated gross tax**  
12 **liability per dollar of gross assessed value attributable to**  
13 **principal rental dwellings bears to the recalculated gross tax**  
14 **liability per dollar of gross assessed value attributable to all**  
15 **dwellings;**

16 (3) **"condominium" has the meaning set forth in IC 32-25-2-7;**

17 (4) **"condominium building" means a building in which one**



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- 1 (1) or more condominium units are located;  
 2 (5) "condominium unit" has the meaning set forth in  
 3 IC 32-25-2-9;  
 4 (6) "department" refers to the department of local  
 5 government finance;  
 6 (7) "dwelling" means a dwelling as defined in  
 7 IC 6-1.1-20.9-1(1) that:  
 8 (A) for the assessment date in 2001 has an assessed value  
 9 of at least twelve thousand dollars (\$12,000); and  
 10 (B) for the assessment date in 2007 has an assessed value of  
 11 at least seventy thousand dollars (\$70,000);  
 12 (8) "gross assessed value" means assessed value without the  
 13 application of deductions under IC 6-1.1-12;  
 14 (9) "majority interest condominium owner" means a person,  
 15 an entity, or affiliated or related entities that own one (1) or  
 16 more condominium units that comprise more than fifty  
 17 percent (50%) of the area (excluding common areas) of a  
 18 condominium building;  
 19 (10) "principal rental dwelling" means:  
 20 (A) for the assessment date in 2001, residential  
 21 improvements to land:  
 22 (i) for which the credit under IC 6-1.1-20.9 does not  
 23 apply for property taxes first due and payable in 2002;  
 24 and  
 25 (ii) that have an assessed value of at least twelve  
 26 thousand dollars (\$12,000); and  
 27 (B) for the assessment date in 2007, residential  
 28 improvements to land:  
 29 (i) that an individual with a leasehold interest in the  
 30 property uses as the individual's principal place of  
 31 residence, regardless of whether the individual is absent  
 32 from the property while in a facility described in  
 33 subsection (b); and  
 34 (ii) that have an assessed value of at least seventy  
 35 thousand dollars (\$70,000);  
 36 (11) "recalculated gross tax liability" means liability for  
 37 property taxes calculated without the application of:  
 38 (A) deductions under IC 6-1.1-12, except the deduction  
 39 under IC 6-1.1-12-37; or  
 40 (B) any credit under this article; and  
 41 (12) "standard deduction amount" means the maximum  
 42 amount of the standard deduction under IC 6-1.1-12-37(b)(2).

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(b) The term "principal rental dwelling" does not include any of the following:

- (1) A hospital licensed under IC 16-21.
- (2) A facility licensed under IC 16-28.
- (3) A Christian Science home or sanatorium.
- (4) A group home licensed under IC 12-17.4.
- (5) An establishment that serves as an emergency shelter for:
  - (A) victims of domestic violence;
  - (B) homeless persons; or
  - (C) other similar purposes.
- (6) A fraternity, sorority, or student cooperative housing organization described in IC 6-2.5-5-21.

(c) For property taxes first due and payable in 2006 and 2007, subject to subsections (i), (j), and (k), the owner of a building that contains one (1) or more principal rental dwellings is entitled to a deduction from the assessed value of the building and the land on which the building is located. Subject to subsection (d), if the number of principal rental dwellings in the building is:

- (1) less than five (5), the amount of the deduction is the product of:
  - (A) sixty-six percent (66%); and
  - (B) the standard deduction amount; or
- (2) greater than four (4), the amount of the deduction is the product of:
  - (A) the number of principal rental dwellings in the building;
  - (B) the amount determined under subdivision (1); and
  - (C) the percentage from the following table that corresponds to the number of principal rental dwellings in the building:

NUMBER OF UNITS	PERCENTAGE
5 to 8	25%
9 to 20	15%
more than 20	10%

(d) The deduction amount under this section may not exceed fifty percent (50%) of the combined assessed value of the building and the land.

(e) For property taxes first due and payable in 2008 and later years, deductions that are calculated in the same manner provided in subsection (c) apply, except that the deduction percentage determined by the department under subsection (f) is substituted for the percentage indicated in subsection (c)(1)(A).

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(f) Before January 1, 2007, the department shall based on the department's best estimates:

(1) for property taxes first due and payable in 2008, determine a deduction percentage calculated to result, when the deduction percentage is substituted under subsection (e), in a 2008 proportion that equals the 2002 proportion; and

(2) report the deduction percentage determined under subdivision (1) to:

(A) the legislative council in an electronic format under IC 5-14-6; and

(B) county auditors.

(g) A certificate of occupancy that complies with this subsection is prima facie evidence that a building and the land on which the building is located contains the number of principal rental dwellings specified in the certificate. To comply with this subsection, the certificate of occupancy must:

(1) be prepared on a form prescribed by the department;

(2) be signed under penalties of perjury by the owner of the building containing a rental unit or by the principal officer of the entity owning the building; and

(3) indicate that:

(A) with respect to a building that contains one (1) rental unit, the unit was used as a principal rental dwelling; and

(B) with respect to a building that contains more than one (1) unit, substantially all the units in the building were used as principal rental dwellings;

on the assessment date for which the deduction under this section applies.

(h) To obtain the deduction under this section, the:

(1) owner of the building containing a principal rental dwelling; or

(2) principal officer for the cooperative, common interest community, owner's association, or other entity owning the building;

must file a certified application in duplicate, on forms prescribed by the department, with the auditor of the county in which the property is subject to assessment. The certified application must be filed before May 11 of the year containing the assessment date to which the application applies.

(i) If the owner of a building containing a principal rental dwelling is eligible to receive:

(1) a homestead credit for the building under IC 6-1.1-20.9; or

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(2) the standard deduction for the building under IC 6-1.1-12-37;

the owner may not claim the deduction provided under this section.

(j) If a parcel of land contains more than one (1) building for which a deduction is claimed under this section, the township assessor shall allocate the assessed value of the land among the buildings on the parcel in proportion to the assessed value of each building. The county auditor shall use the allocated assessed value of land under this section in determining the amount of the deduction that is to be granted under this section.

(k) The owner of a condominium unit that uses the condominium unit as a principal rental dwelling is eligible for a deduction under this section. Each condominium unit that is owned by a co-owner (as defined in IC 32-25-2-11) that is not a majority interest condominium owner is treated as a separate building for the purpose of applying this section. The amount of the deduction under this section for one (1) or more condominium units owned by a majority interest condominium owner is:

(1) determined as if:

(A) the majority interest condominium owner were the owner of the condominium building; and

(B) each condominium unit owned by the majority interest condominium owner in the condominium building and used as a principal rental dwelling were a separate principal rental dwelling contained in the building; and

(2) apportioned equally among the condominium units in the condominium building.

SECTION 2. [EFFECTIVE UPON PASSAGE] (a) Notwithstanding IC 6-1.1-12-44(h), as added by this act, a certified application must be filed before July 1, 2005, under that subsection to claim a deduction under IC 6-1.1-12-44, as added by this act, for property taxes first due and payable in 2006.

(b) This SECTION expires January 1, 2007.

SECTION 3. An emergency is declared for this act.

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